

## **Advisory Board Meeting Minutes**

The Residential Ratepayers Advisory Board (“the Board”) held a meeting on February 7, 2005 at the Office of Consumer Advocate. The meeting started at 2:15 p.m.

Present for the Board were:

Larry Kelly, Chair  
Richard Stonner  
Larry Ross  
Claira Monier  
Jeff MacGillvray  
Rick Russman

Present for the Office of Consumer Advocate (“OCA”) were:

Anne Ross, Consumer Advocate  
Kenneth Traum, Assistant Consumer Advocate  
William Homeyer, Utility Analyst  
Rorie Hollenberg, Staff Attorney  
Christina Martin, Legal Assistant

### **Quorum**

Larry K. declared a Quorum.

### **Agenda:**

#### **1. Minutes of December meeting**

Larry K. moved to approve the minutes of the December 6, 2004 Board Meeting. Claira motioned and Rick seconded, the minutes of December 6, 2004 were approved. Jeff abstained from the vote due to his absence at the last meeting.

#### **2. Legislation**

Christina gave a brief overview of the House and Senate bills that we are monitoring. We also asked for suggestions from the board as to any others they feel we should be involved in.

- HB 91 (relating to the pole tax). We haven’t taken a position on this, simply provided some information to the Committee. Larry R. asked what the affect on ratepayers would be if the pole tax was eliminated. Jeff indicated that it will not happen, there is a special tax on electricity \$4 or \$5 million/year, special tax on telephone too. The thought of changing or balancing net revenues out was rejected by the municipalities.
- HB 174 (extension of the System Benefit Charge and handling of surplus). Passed House with Amendment on 1/26/05. OCA supported.
- HB 175 (relative to divesture of PSNH generation). Amendment will allow NH utilities to add generation. OCA opposed “add” language. Larry R. asked what the affect on ratepayers would be if PSNH divests its generation in 2006. Ken speculated that the

proceeds of the sale would be used to reduce stranded costs and to cover additional regional issues such as LICAP. Not knowing what will happen with LICAP this is probably not the best time to divest. Jeff stated that since 1995 he has heard through the PUC and PSNH that it would be too dangerous for PSNH to divest. He feels PSNH is interested in keeping their assets. He also explained that we don't know the benefits of a free market until we have one. Anne explained that in certain areas of NE residential pricing is actually a bit lower than industrial and that Maine has most of its larger customers using competitive suppliers. This means that residential prices are less because of a more stable market. Jeff asked if the OCA could come up with those numbers and provide them to the subcommittee for this bill. Larry R. asked Ken to address this with the subcommittee.

- HB 193 (relative to efficient renewable energy programs), the office is only following. Was deemed Inexpedient to Legislate (ITL) and has been rolled into HB 185.
- HB 194 (establishing a study committee to examine regulatory practices pertaining to the telecommunications industry). Anne asked Larry R. to keep the OCA in mind if the committee needs any information.
- HB 215 (relating to water management), only following.
- HB 228 (related to cell phone directories), OCA supported, but did not attend hearings.
- HB 237 (relative to telephone rate disclosure). Bill believes this bill was killed. Christina disagrees.
- HB 330 (establishing a commission to study the feasibility of a statewide non emergency public service 311 line), only following. Hearing on Wednesday, February 16, 2005.
- HB 422 (relative to exemptions from the consumer protection act). This bill is regarding companies or utilities that are already regulated by another entity.
- HB 572 (granted regional water districts the power of eminent domain), only following. This one is self explanatory and is related to the Pennichuck Water Works situation currently pending at the PUC.
- HB 602 (unbundling of communications services for purposes of the application of the communications service tax), hearings have not started yet. Larry asked for this one to be explained thoroughly in our next meeting.
- SB 11 (extending the local property tax exemption for wooden poles and conduits).
- SB 51 (regulation of electric cooperative poles), only following. This bill has been killed.
- SB 149 (exemptions from the telecommunications service tax), only following. This bill is repealing the exemptions to all residential customers and only providing the exemption to lifeline customers. Jeff simply stated, in other words a tax increase.
- SB 209 (establishing the Money Transmitters Act). This bill is a spin off of our CashPoint issue in NH. OCA plans to stay involved in this bill until it is passed, to assure the interests of ratepayers are being met. The OCA is meeting with Senator Larsen's office on Wednesday, February 9, 2005. The OCA also invited Donna Soucy from the Banking Department, as well as Amanda Noonan to attend.

### 3. **PSNH Transition Service DE 04-177 Update**

Anne & Ken explained that we made our arguments before the Commission, regarding the proposed rate increase. Unfortunately, the Commission rejected most of our argument, but they did open a docket on Return of Equity and we are looking for a consultant to get this done by March. Anne believes there is a good chance we will get the ROE dropped. The ROE that was suggested by the OCA would result in

a \$3.25 million savings to ratepayers. Larry R. asked how much will the rate increase affect consumers. Ken explained it would be approximately \$3.25 million per year, but barely noticeable on a 500 kwh bill. Claire mentioned that the OCA was in the BIA's newsletter. Anne stated that this docket received a lot of good press coverage. Larry K. stated that is especially true from the Concord Monitor, as well as in the Union Leader's editorial section. Claire suggested if the OCA ever wanted to do an editorial that Bill Klein is a good individual to work with.

Larry R. asked if we should be putting information in our newsletters regarding our issues and tasks in either dockets or legislation. Jeff stated that advocacy in government paid newsletter is a really bad idea. Larry K. suggested if we are careful, we could use it to educate consumers.

4. **Regional Issues**

a. Anne gave an overview of the LICAP issue. She explained another round of expert testimony is on the way. The cost of this scheme per ISO is estimated at \$2.3 billion annually. The coalition's expert came down from \$10 billion to \$8.3 billion. Larry R. asked if the ISO will be able to speak about LICAP with the subcommittee for HB175. Anne believes they can to a limited extent. Jeff asked if this cost is over a 5 year span and then will end. Ken said it is proposed to level off after 5 years. Anne said we are already paying reliability for the RMR contracts.

b. Ken explained their trip to MA to listen to the reasoning of the underground cable. Ken stated that Anne & him were skeptical but, ME staff had experts who were explaining the whole situation and Anne & Ken decided to let them take the lead. The Cost of the easement for the aerial line actually makes it more cost effective to do the underground cable.

5. **Winter Moratorium**

Ken received the Coop's January 05' information. We will probably suspend the request until next winter, assumingly that all the information that comes in is consistent with what the utilities have already stated.

6. **Bruce Cheney**

Ross Doer asked that the OCA get some information regarding E911. With that request, we have asked Bruce Cheney, Executive Director of the Safety Department. He is schedule to address the Board at our next meeting.

7. **Spring Newsletter**

The OCA is preparing to write the Spring Newsletter, if anyone has any suggestions please let Christina know.

8. **TRO**

Bill explained that the Bells got pretty much everything they wanted. The order does

away with local switching in many instances, and, most importantly, UNE-Platform – combined last mile elements. CLECs will now to buy individual elements, and pay to have them reattached in order to provide local service through the ILECs facilities. The most recent order was mute on line sharing – splitting the two-pair local line into low frequency (to provide voice service) and high frequency (to provide DSL).. Verizon is continuing to insist they no longer needs to provide line sharing to competitors which impacts a number of DSL providers in the state.

Larry R. led a discussion about VOIP and his current usage.

**Dockets with Activity**

(the only dockets mentioned are dockets that resulted in discussion at meeting).

*DE 03-166 PSNH's Modification of Schiller Station:*

heard Anne told the Board of the February 16, 2005 date for the Oral Arguments to be at the Supreme Court regarding the pending Appeal.

*DE 04-231 Unital's Accounting Pension:*

The OCA and the PUC Staff both agree that this is single issue ratemaking. We both are strongly pushing for NO single issue ratemaking.

*DE 04-072 PSNH Integrated Least Cost Plan:*

PSNH filed a waiver to excuse it from planning regarding its generation assets. The OCA opposed it.

*DT 04-176 Biddeford Internet Petition for Continuation of Line Sharing:*

There is a dispute as to whether Verizon is required to provide line sharing to any DSL provider. Verizon feels that they don't.

*DW 04-020 Fryeburg Water Co. Quality of Service:*

Company is not compliant and is blatantly abusive. We are looking to get the PUC to hold them accountable and to make them put in a new pipe to serve East Conway customers.

*DG 04-133 & 04-175 KeySpan Cost of Gas 2004-05:*

Consultant has filed testimony.

Meeting adjourned at 3:34 pm.

Next meeting is to be rescheduled to either March 14<sup>th</sup> or 21<sup>st</sup> due to scheduling conflicts with at least three of the board members. Christina will send an email to all members to see which date works best and will let everyone know.

